

### **The complaint**

Mr A complains First Central Underwriting Limited (First Central) has declined to deal with his claim and avoided his motor insurance policy.

Mr A is being represented in this complaint, but as Mr A is the policyholder, and for ease, I've referred to him throughout.

### **What happened**

The circumstances of this complaint will be well known to all parties and so I've summarised events.

Mr A held a motor insurance policy which was provided by First Central. In October 2024 he was unfortunately involved in an accident involving another vehicle and so reported a claim to First Central.

Following investigation First Central avoided Mr A's policy from the point it renewed in April 2024. It said Mr A's vehicle had been modified and had it been aware of the modifications, it wouldn't have offered Mr A his policy. Mr A raised a complaint with First Central.

On 19 November 2024 First Central issued Mr A with a final response to his complaint. It said it had evidence the modifications on his vehicle weren't on the vehicle at the time he purchased it. It asked Mr A why the evidence was suggesting this was the case and asked what date the modifications were completed. Mr A referred his complaint to this Service.

Our Investigator looked into things. She said she thought the evidence suggested the vehicle had been modified after it had been sold to Mr A. She said she didn't think First Central had acted unfairly.

Mr A didn't agree with our investigator. He said he had provided evidence that the vehicle had been modified prior to him purchasing it. He said he hadn't breached his duty to take reasonable care and so hadn't made a misrepresentation.

As an agreement couldn't be reached, the complaint has been passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I want to acknowledge I've summarised Mr A's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focused on what I consider to be the key points I need to think about. I mean no courtesy by this, but it simply reflects the informal nature of this Service. I assure Mr A and First Central I've read and considered everything that's been provided.

The relevant law in this case is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a

misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is – what CIDRA describes as – a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

First Central think Mr A failed to take reasonable care when he failed to make it aware of modifications on his vehicle. It has avoided his policy from the point it renewed in April 2024, and so I've looked at the information Mr A was sent about his policy renewal.

I can see at the point of Mr A's renewal First Central sent him correspondence which asked him to check that all the details on his documents, including his Statement of Fact were correct. The Statement of Fact shows that no modifications had been declared.

First Central has provided a report from an engineer who has confirmed that at the time of inspection Mr A's vehicle had been modified. The vehicle had a front splitter, side skirts, a rear spoiler and mirror changes. I'm satisfied Mr A's vehicle was modified, and so there has been a misrepresentation. So, I've considered whether I think Mr A failed to take reasonable care by not making First Central aware his vehicle had been modified.

First Central has provided images of Mr A's vehicle from a sales advert in March 2021. The images of the vehicle show clearly there are no modifications. And First Central's notes say it spoke to the dealer who sold the vehicle at this time and he confirmed there were no modifications added before it was sold. He said he sold the vehicle to a business who I'll call Business X.

Mr A has provided a written statement he has said is from the former director of Business X. The statement says Business X purchased the vehicle, added the modifications and then sold the vehicle to Mr A. An invoice has also been provided, but there's no information on the invoice about the modifications, and no further sales information has been provided.

Based on the evidence provided, I'm not persuaded Mr A's vehicle had already been modified when he purchased it. There are some discrepancies in the information Mr A provided to First Central and the other evidence available. For example, I can see from First Central's notes that Mr A told it he purchased his vehicle from a dealership, but the available evidence online shows Business X was a restaurant not a car dealership. And I can see from the 2024 Statement of Fact that Mr A told First Central he purchased his vehicle on 31 March 2021. This was the date the dealer confirmed to First Central it sold the vehicle with no modifications in place.

Taking into consideration all of the evidence provided, and the inconsistencies highlighted, I'm not persuaded by the evidence Mr A has said was provided by the former director of Business X. I think it's more likely than not Mr A purchased the vehicle without modifications, and the modifications were added afterwards. And I think a reasonable consumer in those circumstances would have declared this to First Central.

In any event, even if I were to accept Mr A's testimony that he purchased the vehicle from Business X with the modifications already present, I still think it would be reasonable for First Central to conclude Mr A failed to take reasonable care. I acknowledge Mr A has said he is a

layperson and was under the impression the modifications were standard features of the vehicle model. However, based on the photographs of Mr A's vehicle, I think a reasonable person would identify that the modifications on the vehicle weren't standard and that the vehicle had been changed from the manufacturer's standard specifications. It follows that I think a reasonable person in those circumstances would have identified that the vehicle had been modified and declared the modifications to First Central.

As I think Mr A failed to take reasonable care not to make a misrepresentation, I've gone onto consider whether this is a qualifying misrepresentation.

First Central has provided underwriting evidence to show had it been made aware of the modifications to Mr A's vehicle, it wouldn't have offered him a policy. As First Central has shown it wouldn't have offered a policy if it had been aware of the modifications, I'm satisfied this is a qualifying misrepresentation.

First Central has treated Mr A's misrepresentation as a careless one rather than deliberate or reckless. I think this is reasonable in the circumstances and so I've looked at the actions First Central can take in accordance with CIDRA.

If a misrepresentation is considered careless, and the insurer can show it wouldn't have entered into the contract if not for the misrepresentation, CIDRA entitles the insurer to avoid the contract and refuse all claims but it must return the premiums paid. First Central has avoided Mr A's policy from the 2024 renewal and declined to deal with his claim. It has also said it has refunded Mr A's policy premium from the 2024 renewal. So, I think First Central has taken the actions it is entitled to in accordance with CIDRA.

As CIDRA reflects this Service's long standing approach to misrepresentation cases, I think allowing First Central to rely on it as it has done produces a fair and reasonable outcome in the circumstances of this complaint.

### **My final decision**

For the reasons I've outlined above, I don't uphold Mr A's complaint about First Central Underwriting Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 December 2025.

Andrew Clarke  
**Ombudsman**